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ABSTRACT

This publication presents materials synthesized from a consultative seminar jointly sponsored by Britain's Department of Trade and Industry (DTI), the National Training Organisations (NTO) National Council, and the Further Education Development Agency (FEDA) in Britain. The seminar's aims were: to examine the business case for investing in learning; to identify current practice; and to inform the development agenda for DTI, FEDA, and NTO National Council. Section 1 sets forth the development agenda. Section 2 is a summary. Section 3 lists the key issues that were identified under these themes: business challenges; relevant, high-quality provision; funding and resources; partnerships; small and medium enterprise and supply chain company development; role of NTOs; continuity and coherence in government policies; encouraging human resources development; skill gaps and labor market information; and how information and communications technologies could help. Section 4 paraphrases three keynote addresses. Alan Johnson's speech addressed further education's crucial role in tackling intermediate level skills, supporting and encouraging entrepreneurs, and working with business. Chris Hughes's opening remarks urged seminar participants to face the challenges presented by the national imperative to develop the work force to ensure future economic success and emphasized the need for collaboration. Shirley Woolley's address noted the need for enterprise and partnerships. Section 5 provides discussion of the outcomes of discussion groups which focused on the key issues listed in Section 3. Appendix 1 provides summaries of stimulus presentations. (YLB)

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Skills and enterprise

a challenge to further education and industry

An agenda for action resulting from the FEDA, NTO National Council and DTI consultative conference held on 2 September 1999

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Maria Hughes

Contents

1. Development agenda	**1**
2. Summary	**2**
3. Key issues identified	**2**
4. Messages from the keynote addresses	**4**
5. Outcomes of discussion groups	**6**
Appendix 1. Stimulus presentations	**12**

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This document is not a policy statement by FEDA, the NTO National Council or the DTI. It is a record of discussion during a consultative conference held at the DTI on 2 September 1999 and has been written to stimulate further thought and debate on skills and enterprise issues.

1. Development agenda

The issues arising from this consultative conference provided positive reinforcement of the areas for development identified by the three partners in their current plans, as well as new issues to resolve. Most importantly, the event provided a better understanding of the context surrounding these issues and a range of possible solutions. FEDA, NTO National Council and the DTI will be pursuing a development agenda either separately, or in some cases collaboratively, to enable further education and industry to rise to the skills and enterprise challenge.

Through its ongoing development work FEDA will:

- Continue to provide support to colleges to enable them to be both responsive and proactive in the development of skills and enterprise
- Develop stronger links with employers, particularly SMEs, to enable the articulation of needs and match with learning programmes to be more precise
- Promote high-quality provision, through a process of continuous quality improvement more closely linked to employers' business challenges
- Work with NTOs and colleges on a range of issues concerned with qualifications and learning programmes to secure relevance and responsiveness.

NTO National Council will:

- Continue to support the NTOs to develop occupational standards, training frameworks and qualifications with and for their employment sectors and positively promote workforce development
- Continue to support NTO Skills Foresight, so that the supply of education and training is better influenced by an assessment of current and future skill needs
- Develop strong links with employers, large and small
- Work in partnership with key national and regional stakeholders
- Lead in a national debate on investment in skills
- Ensure that there is a strong employment and sectoral voice both at local and national level in the new learning and skills infrastructure, including the Small Business Service
- Consult on the development of a new investment framework that harnesses the resources of all stakeholders in the training market.

The DTI will:

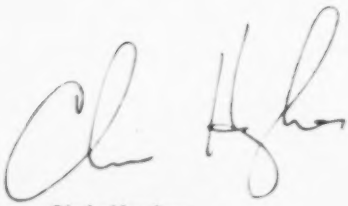
- Continue working with DfEE in reviewing all of Government's skills development schemes
- Support the spread of the People Skills Scoreboard from the engineering industry to 20 other sectors
- Take full account of the 700+ responses to the consultation on setting up the Small Business Service, and address the issues raised on the skills and enterprise needs of SMEs
- Establish a joint programme with DfEE to stimulate local learning networks and clusters focused on improving technical and managerial skills among engineering technicians in SMEs
- Work with NTOs and colleges to address workforce skills issues.

NTO National Council and FEDA will:

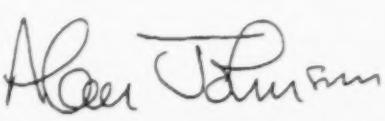
- Work together to support more joint working between NTOs and FE providers.

FEDA, NTO National Council and DTI will:

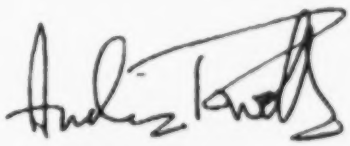
- Convene a working group to consider the issues identified at the consultative conference in more detail.



Chris Hughes,
Chief Executive, FEDA



Alan Johnson MP,
Minister for Competitiveness



Andy Powell,
Chief Executive,
NTO National Council

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2. Summary

This consultative seminar was jointly sponsored by the DTI, the NTO National Council and FEDA. The seminar aimed to:

- Examine the business case for investing in learning
- Identify current practice
- Inform the development agenda for DTI, FEDA and NTO National Council.

It also aimed to stimulate debate and dialogue between key players from the worlds of further education and industry, together with policy makers and support agencies, on issues critical to emerging skills needs.

3. Key issues identified

Business challenges

- To stay ahead of worldwide competitors, employers must be able to take advantage of the latest technology, the most up-to-date production methods and management techniques.
- Employees need work skills that are flexible and easily updated. When businesses choose to adopt the latest technology they need employees who can adapt quickly.
- People need skills that are transferable from one type of employer to another, particularly as portfolio careers become more common.
- People on the margins of society need the opportunity to gain skills to find work or better-paid employment to help them out of the poverty trap.
- Lack of understanding or commitment to a lifelong learning culture by the general public, inappropriate skills of school leavers and poor basic skills levels need to be addressed to secure competitiveness in a global economy.
- Community learning issues should engage industry and FEFC.
- A learning culture should be nurtured within industry.

Relevant, high-quality provision

- The FE sector needs to invest in staff development to ensure tutors/trainers can meet the new challenges presented by the knowledge-driven economy. FE staff must have the knowledge and skills to provide needs analysis and training for companies. This updating could perhaps be secured through staff secondments and exchanges.
- Innovative and flexible ways of delivering training should become the norm. Colleges need to be, and be seen to be, efficient, effective deliverers of skills training.
- There is a role for Government in creating a planned framework to support SMEs. Incentives are required for SMEs to participate in training and for providers to meet low volume needs.

- Flexible frameworks are required to secure a match between employers' training needs and the training programmes, funding and regulatory requirements associated with publicly funded qualifications.

Funding and resources

- The review of the funding for training should secure flexibility in determining successful outcomes and access to subsidies from public funds for training for small businesses.
- A brokerage service is required to identify sources of funding, support and materials.
- Continuity of funding, rather than fluctuating, year-on-year project funding is essential to support the development of firms' HR capacity.
- Capital investment is required to update kit and also to remedy the lack of provision of expensive training.
- There is a need to identify sources of specialist training regionally.
- There should be an incentive for all players – especially for individuals and SMEs – to take part in learning and development.

Partnerships

- Partnerships between education providers and companies are essential to meet the needs of the knowledge-driven economy. Companies and education and training providers should form dedicated partnerships to secure HR development.
- FE colleges can play a valuable role in establishing collaborative ventures with other providers. Loose partnerships and networking to exchange ideas and solutions to problems are required as well as formal partnerships.
- Colleges need to gain credibility and trust with employers, and need skilled and responsive staff to build long-term relationships with employers.
- Lifelong learning partnership initiatives should engage business and industry as well as FE and other agencies. Creating demand for learning and drawing in non-participants is as much a concern for competitiveness as for widening participation.

SME and supply chain company development

- SMEs need to recognise that lifelong learning will improve their business prospects.
- Strong policy steers are required to encourage SMEs to invest in training.
- A policy of supporting the skill level required by the supply chain is required in larger companies.
- Solving the difficulties in gaining access to training and support in micro-companies should be a major priority.

Role of NTOs

- NTOs should become more powerful, led by their employer constituency and continue to set standards for their industry sector.
- Greater collaboration is required at local level between NTOs and employers.
- Greater mutual understanding between the colleges and NTOs would be beneficial.
- More dynamic and structured partnership working and effective working groups between NTOs, colleges and Regional Development Agencies are required.

Continuity and coherence in government policies

- DfEE, DETR and DTI should work to reduce discontinuities in planning and funding.
- While local effort is needed to meet local needs, a coherent approach is required to coordinate policies emerging from central government.
- Effectively developing skills in areas where expectations and aspirations are very low is an important aspect of the competitiveness agenda.
- There is an urgent need to clarify and articulate government expectations of colleges in relation to supporting employers' training needs. More recognition of what colleges are doing in meeting the skills agenda is required. All Government departments DTI, DfEE and DETR must have a more sophisticated understanding of further education and its capacity to support the knowledge-driven economy.
- Changes in Government policy create confusion, uncertainty and planning blight.

Encouraging human resources development

- Major challenges concerned with HR development include:
  - the need for incentives to overcome cultural and financial barriers
  - dissatisfaction within the qualifications on offer
  - fear of poaching
  - lack of time or motivation to engage in learning activities.

Skills gaps and labour market information

- LMI, as it is currently provided, is not a good basis for determining skills needs. In a fast changing, knowledge-driven economy, predicting skills needs with any degree of accuracy will be very difficult. A balance between the development of specific and transferable skills is required.

- Employers tend to train for advantage, not for 'stock', and will need to be convinced of the benefits to be derived from involvement in strategic planning for the general good rather than for their immediate needs.
- Evaluation and dissemination of good practice in using LMI is required.
- Negative perceptions of careers in certain sectors adversely affect informed choice. This is a national issue requiring sustained and vigorous efforts to change perceptions.

How ICT could help

- Flexible learning and learning technologies can develop the workforce by removing boundaries created by time and place and by targeting new learners who may be enthused by technology but deterred by traditional teaching methods. However, attention needs to be given to:
  - equity in access to PCs
  - costs of line rental and telephone charges
  - access to high quality materials
  - the impact of ICT on the community, particularly for untrained and unskilled unemployed
  - learning for the next job as well as current jobs.
- The FE sector must develop the skills required to use IT effectively as a training resource.
- Government should support all learners to gain access to IT training. If this is seen as key to a successful economy, there is a need to secure access to ILT at home as well as work. If the Government can fund more computers in schools, why not for adults in work or at home?
- Support for learning using ILT, not IT alone is required. Colleges can help with tutor support, on-line courses etc., but funding for this provision needs to be available.
- The availability and accessibility of low-cost, high-quality ILT materials must be secured. Intellectual copyright issues need to be clarified.

4. Messages from the keynote addresses

Alan Johnson MP, the newly appointed Minister for Competitiveness addressed the seminar. Chris Hughes, Chief Executive of FEDA, and Shirley Woolley, Director of Frederick Woolley Ltd. chaired the event, and representatives from business and industry, NTOs and colleges provided stimulus presentations.

Setting the scene

Alan Johnson MP, Minister for Competitiveness at the DTI, spoke of the crucial role for further education in tackling intermediate level skills; supporting and encouraging entrepreneurs; and working with business, especially supporting SMEs. He stressed the central importance of people and skills in developing the knowledge-driven economy. The DTI was committed to working closely with partners in further education and the NTOs to promote ideas on investing in skills and creating an enthusiastic learning culture in the workplace.

The Minister spoke about a number of DTI initiatives addressing skills needs, such as College Business Partnerships. He went on to announce the launch of a new initiative – 'Learning through Business Networks', a best practice guide which is designed to promote the spread of learning throughout the full range of business contacts. Alan Johnson concluded that skills were at the heart of government's competitiveness agenda and that he looked forward to seeing the outcome of the conference.

In his opening remarks, Chris Hughes urged seminar participants to face up to the challenges presented by the national imperative to develop the workforce to ensure future economic success. He noted that British businesses compete on a global stage. Without a well-trained workforce who update

their skills on a regular basis, the financial health of UK PLC will be in jeopardy.

Employers must be able to take advantage of the latest technology, the most up-to-date production methods and management techniques in order to stay ahead of worldwide competitors. Employees need work skills that are flexible and easily updated. When businesses choose to adopt the latest technology they need employees who can adapt quickly. People need skills that are transferable from one type of employer to another, particularly as portfolio careers become more common. People on the margins of society need the opportunity to gain skills to find work or better-paid employment to help them out of the poverty trap.

Chris observed that further education's priorities included widening participation, raising achievement and the skills agenda. However, the skills agenda has had least attention while, arguably, it should have had most. The new proposals for post-16 education and training are a great opportunity to begin to work towards a better skilled workforce. The government has committed £5 billion pounds of public expenditure to these policies, and they represent a powerful government commitment to vocational education and training while making it clear that education for work and social inclusion are two sides of the same coin.

The *Learning to Succeed* White Paper presents strategic opportunities for employers and NTOs to shape vocational education and training. Colleges and training agencies will have the opportunity to sit alongside employers as equal partners on national and regional committees. However, Chris cautioned that there is a lot more to this than sitting on committees. Employers and training providers will need to work hard to ensure that, this time, strategies to improve the nation's skills are a success.

The challenge to employers is to stop using training as a sticking plaster and a remedy for deficits in the workforce. Employers must begin to work with colleges and training providers strategically to predict and plan for development. There must be greater recognition of the bottom line value of collaborating with colleges to develop the workforce in the long-term and disseminate supply chain best practice in training and human resources development. Alliances with training suppliers should be seen as long-term relationships in the same way as those with other suppliers.

Colleges must position themselves as strategic partners, but need to work hard to raise awareness among businesses of the value of vocational education and training. Too many companies are still not aware of the services that colleges provide. Colleges should strive to establish better links and communications with businesses and continue to devise innovative and flexible ways of working with employees.

The challenge to NTOs is to ensure that the standards that underpin work-based training can deliver a competitive workforce.

Chris concluded by emphasising the need to explore new ways to work in collaboration to achieve this massive task. This will require partnership, focus and creativity, but above all, dialogue. This seminar provides the opportunity to begin this process.

Investing in training

Shirley Woolley echoed these sentiments in her introductory remarks for the afternoon session. In particular, she noted the need for enterprise, and for a wider recognition of the link between investment in training and improved business performance. The outcomes of the seminar could provide assistance in achieving the objectives of both the Competitiveness and the *Learning to Succeed* White papers.

The speed of change presents companies with great challenges that must be met if they are to remain in business. There is a need to harness the potential of new technologies and make better use of them. The speed of change also requires greater flexibility in the ways people work and in how people learn.

Shirley emphasised the need for partnerships, and particularly the power of company to company learning. The value of education and industry partnerships should also be recognised, as should the importance of partnerships within the supply chain.

Stimulus presentations from business representatives from NTOs and college managers gave an indication of the issues to address and current best practice. Key themes emerging from these included:

- Partnerships – no-one can do it alone and employers and providers need to play to their strengths and share expertise.
- Colleges need to work at establishing their credibility with employers.
- The issues facing companies require a problem-solving approach, rather than ready-made solutions.

A fuller description of these presentations is provided in Appendix 1.

5. Outcomes of discussion groups

Business challenges

Delegates considered the major challenges facing businesses as the millennium approaches to be:

- Globalisation and competitiveness
- Moving into high quality products
- Lack of understanding or commitment to a lifelong learning culture by the general public
- Lack of suitably qualified young people leaving school, low basic skills levels of school leavers and job applicants
- Lack of involvement of larger companies with SMEs
- Sustaining expansion and growth in SMEs
- Recognition by SMEs that lifelong learning will improve their business prospects.

Sometimes, competitiveness may appear to be driven by large companies, but smaller companies, sub-contractors and providers of education and training also play a vital part.

Relevant, high-quality provision

The group thought it important to recognise that further education has become more flexible and responsive in recent years. Much provision is unitised or modular, work-based and available when needed. However, there is a need to build upon previous initiatives and to analyse successes and failures. In many colleges, staff have been developed to meet the needs of industry in a commercial context. The good work that is being undertaken in colleges is not widely disseminated, and colleges are overlooked when interventions are being planned and implemented. A recent example of this is the Small Business Services Consultation. A change of perception must take place in colleges, industry and the community. Colleges need to be, and be seen to be, efficient, effective deliverers of skills training. Participants agreed that training for industry by further education has to be excellent and materials first class. Innovative and flexible ways of delivering training should become the norm. Rather than just providing training courses, colleges could become business consultants for employers. Further education can also facilitate a mentoring system for smaller companies via larger companies. In one college, a support service for small businesses was taken over from the private sector and has been run by the college for the last 18 months.

Many micro-businesses have been acting as consultants to each other – providing training to help other companies. A networking/self-help approach, such as Group Training Associations, employer representative groups, and collaboration between groups of SMEs to secure economies of scale, could be promoted.

SMEs often find access to further education very difficult and some, particularly micro-businesses, may be resistant to becoming involved in training. There is a role for government in creating a planned framework to support SMEs. Further education could be an integral part of this support. Examples already exist where colleges are dedicating resources to meet the needs of SMEs and secure specialist training. Incentives are required for SMEs to participate in training and for providers to meet low volume needs.

Funding and resources

Although the current funding system works well for regular provision with viable groups of students, delegates considered that it does not support the needs of individuals or SMEs. Funding should accommodate the costs of flexible delivery and small amounts of learning. A credit-based model, such as that used in Wales, is required in England. The absence of a credit-based system of qualifications – and a funding regime that supports it – limits responsiveness. Affordable small group delivery is very difficult to achieve. Small numbers have to be balanced with larger groups to subsidise funding.

Flexibility in determining learning outcomes would also assist learners in small businesses and employers, for whom better skills may be more important than qualifications. The costs of training for a micro-business are disproportionately high. While subsidised training may be available, it is often linked to particular outcomes, and these may not be

relevant to the business concerned. Bespoke courses for SMEs therefore present funding difficulties. There was a strong view expressed that public money should be available to meet training needs but employers should bear some of the costs. The proposed review of the funding methodology and use of public funds to support training was welcomed by participants.

Continuity of funding, rather than fluctuating year-on-year project funding, is essential to support the development of firms' HR capacity. Equity in post-16 funding streams would also be helpful in promoting parity of esteem, simplifying the regulatory framework and securing efficiency savings. Capital investment is required to update kit and also to remedy the lack of provision of expensive training.

In a fast-moving market, sources of specialist training must be available and accessible regionally.

The lack of public funding to support individuals and employees is a disincentive to the take-up of learning opportunities. ILAs were thought to offer possibilities for adult learners, particularly if targeted to areas of skills shortages.

The view was expressed that colleges do have flexibility if willing to take it up. FEFC is only one source of funding – but many colleges don't exploit alternative sources. In the current climate, colleges are disinclined to take risks that may threaten their financial viability. Some college participants were concerned that regulations were stifling their ability to be responsive.

It was suggested that competition between colleges, and the accompanying reluctance to disseminate good practice, was resulting in much reinventing of what others are doing. However, poor dissemination of information was seen to be a general problem, not just related to the FE sector.

Within the funding mechanism there is little recognition of the time required to build relationships and trust with employers.

Partnerships

Delegates considered that partnerships between education providers and companies are essential to meet the needs of the knowledge-driven economy. It is important to develop partnerships between FE and HE providers, and also with the UfI and the emerging corporate universities. Progression for individuals could also be enhanced by more coherence between these players.

FE colleges could play a valuable role in establishing collaborative ventures with other providers. Companies and education and training providers could form partnerships to secure cost effective HR development.

Partnerships must find an effective way of sharing information as there is already considerable duplication of ideas and initiatives, which is exceedingly wasteful. Loose partnerships and networking to exchange ideas and solutions to problems are part of the solution.

In order to make partnerships work, colleges need to gain credibility and trust from employers. They must have skilled and responsive staff and build long-term relationships, by establishing:

- What further education can do for employers
- What employers want.

A view was expressed that employers should take the initiative in identifying their skills requirements and then partners could respond to specific needs. More communication between employers and providers could strengthen common understanding and, in some cases, result in joint activity and bids for funding.

Employers, particularly those in small companies, often lack the skill of identifying longer-term training needs. Trained college staff could assist them in developing these skills.

Lifelong learning partnership initiatives should engage industry as well as FE and other agencies. The culture of learning in industry needs to be nurtured. There are possibly parallels with the social inclusion model in the need to work with a range of other agencies. SMEs share many similar concerns as voluntary organisations. Ways of effectively developing skills in areas where expectations and aspirations are very low need to be found.

SME and supply chain company development

The influence of major employers through the supply chain has been significant in some areas and standards have been raised. In a fast-moving industry, such as Electronic Communications, firms must respond quickly to new procedures and product development. Leading edge firms will develop skills to meet their needs, but many SMEs do not respond quickly and tend to buy in skills, rather than upskill their current workforce. Supply chain firms run to catch up. A policy of supporting the skill level required by the supply chain is required.

Some college managers noted that large employers support training and are easy to work with. The needs of SMEs are more difficult to meet, being largely low volume and episodic, and some colleges may decide that this market is not sufficiently lucrative to pay for the effort of securing it. Some colleges, such as Bishop Auckland, have had to focus upon their SMEs, as there are no large companies in the area.

Continuity and coherence in government policies

There was a view that people are working together effectively despite government policy, not because of it. For example, New Deal provision can be in competition with further education. There are several disjointed funding streams and the DTI and DfEE White Papers do not link logically.

Participants emphasised that DfEE, DETR and DTI should work on relationships and recognition of mutual benefits and sort out discontinuities in planning and funding.

While local effort is needed to meet local needs, this will require a range of organisations to work together. Although the differing regional needs should be acknowledged and met, a coherent approach is required to coordinate policies emerging from central government.

Colleges thought there was an urgent need to clarify government expectations of them in relation to supporting employers' training needs. This has never been defined and communicated to the business community. There is a need for clear direction and for mechanisms to make it work. More recognition of what colleges are doing in meeting the skills agenda is required.

Uncertainty because of changing government policy creates confusion and planning blight. Education policy must be created that can survive change of government, such as appears to be the case in Germany, where the training system survives whatever party is in power. Employers find these changes confusing and irrelevant.

Role of NTOs

Some NTOs are finding it difficult to cope with the demands of a vast number of small companies. In the case of LANTRA, for example, this is further complicated by geography, and by the newness of the NTO, which emerged from a major reorganisation.

The view was expressed that there may be too many small NTOs. There is a danger that they could be seen to be remote from their constituent companies. In some cases, NTOs are spread too thinly.

NTOs tend to work with FE colleges that are proactive and will work with them. Greater mutual understanding between the colleges and NTOs would be beneficial.

Where new industries and job roles are emerging rapidly, NTOs need to secure a match between the competencies and skills required and the qualifications available so that they take account of new or specialist demands.

Encouraging HR development

Participants identified major challenges concerned with HR development, these being:

- The need for incentives to overcome cultural, and financial barriers
- Dissatisfaction within the qualifications on offer
- Fear of poaching
- Lack of time and motivation.

Incentives

Many participants agreed that incentives are needed for industries to engage in more extensive training. Suggestions included:

- Tax breaks
- Getting across the message to employers that training will improve business prospects
- Building training on the back of business opportunity; employers fear business failure above all else
- Curriculum relevance
- Incentives for individuals within industry, i.e. pay and promotion, tax incentives
- Learning can be fun!
- Using distributed learning technology to deliver training in the most convenient way – e.g. at home and/or in the work place
- Provision of business start-up training
- Detailed training needs research
- Clear signposting to appropriate provision.

Delegates noted that the willingness to take part in training varied across different regions. In areas where there is full employment, employers (and individuals) may see little need to train.

The TUC, through its education officers, has a significant role to play in motivating employees to participate in training. TUC officers and stewards are already actively undertaking this work, but much more could be achieved.

It was suggested that it might be useful to look at exemplars from the Public Sector, which is more committed to training, and to undertake research to discover why this is so. A crossover of ideas from different sectors may be helpful.

Qualifications

The emphasis on funding based on qualification outcomes is distorting skills' development. Current qualifications do not always meet industry's needs. The absence of provision of entry qualifications to particular industry sectors was given as an example of this. Developments to make qualifications more appropriate should continue. The speed of change in working practices is not always matched in designing qualifications to accredit new skills, for example, establishing training to NVQ standards in non traditional areas e.g. hydro-carbons. It was suggested that SMEs in some specialist fields require NVQs not yet in existence.

There should be a way of funding and accrediting small amounts of learning rather than just complete qualifications. Funding should be available for skills training as well as qualifications. Some people want to learn, but don't want to take an examination and are deterred by the requirement for a qualification outcome in order to have access to public funding to cover the costs of training. The cost of training materials may also be off putting to some people.

While qualifications are important, the assumption that NVQs alone are sufficient was challenged by some participants. For example, recognised qualifications that provide a licence to practice are necessary, such as Gas Installation CORGI Registration. These are safety considerations that must not be eroded.

Fear of poaching

Some employers think that if they train people they will lose them to other companies and that fully trained people will leave to join competitors. Employers have to be persuaded that widespread investment in training will benefit everyone. There is a need to recognise the diversity in the employer community – companies differ from each other. There is likely to be a range of levels of commitment and understanding of the importance of skills development.

Lack of time/motivation

Individuals are now expected to undertake learning in their own time, rather than being given time off for study. This affects their motivation and view of lifelong learning. Time to undertake study is a key factor. Equally, many individuals are not convinced of the benefits of developing their skills. The TUC is trying to raise employee awareness, but this needs to be accompanied by consistent messages about the benefits of engaging in training as well as the development of incentives to training.

Skills gaps and Labour Market Information

The severe shortage of skilled and qualified people in certain sectors was apparent to many participants. The impact of large and medium sized company downsizing has affected the systematic approach to training and, consequently, skills gaps have appeared. Sector workforce development plans were seen to be very important in ensuring that this situation does not recur. Some participants observed that local providers have no tradition of responding strategically and tend to respond to demand as it presents itself.

LMI, as it is currently provided, was not regarded as a good basis for determining skills needs because it is based on historical, retrospective information. In a fast-changing, knowledge-driven economy, predicting skills needs with any degree of accuracy will be very difficult. A balance between the development of specific and transferable skills is required.

It was proposed that employers should get involved with their RDA in skills forecasting. Many employers can provide useful information to predict skills needs, particularly as companies need to give their banks 1–5-year projections to secure loans and overdrafts. However, competing demands on employers' time makes it difficult to secure their systematic involvement in strategic planning for the general good rather than for their immediate needs. Employers tend to train for advantage, not for 'stock', and will need to be convinced of the benefits to be derived from this involvement.

A plea was made that skills forecasting should not be from national level down. Past experience had shown that this resulted in too great a degree of generality in the information obtained for this to be meaningful. Some observed that, even if information was available, people lack skill in using it. Evaluation and dissemination of good practice in using LMI is required.

A further complicating issue in strategic planning for skills development was seen to relate to individuals' choice of career and learning programme. Competition for young people between schools, colleges and training providers, inadequate levels of funding for expensive provision, such as in construction, and negative perceptions of careers in certain sectors was thought to adversely affect informed choice. The construction area was given as an example of this. While the industry is now strong and needs new recruits, family experiences result in a negative perception of job security in the industry.

This makes it difficult to get new recruits or even find placements to help the few students there are in construction. Skills shortages have inevitably occurred.

There are encouraging examples of how these attitudes can be changed, but this is a nation wide issue requiring sustained and significant effort.

Solutions to some of these issues were thought to be reliant on greater cooperation and mutual understanding between education and industry. The RDAs should facilitate opportunities for NTOs, colleges and industry to get together and understand each other. College staff need to know more about local companies and be able to relate occupational standards to industrial requirements in order to identify training needs and solutions.

How ICT could help

It was generally agreed that flexible learning and learning technologies can develop the workforce by removing boundaries created by time and place, and by targeting new learners who may be enthused by technology but deterred by traditional teaching methods. IT was seen as a tremendous tool for enabling learning at individuals' own pace and to secure access to a greater range of learning materials.

Some delegates were concerned that we should not underestimate what is already happening in terms of the increased use of ICT. Lots of initiatives are taking place, but there is not enough dissemination and limited networking opportunities.

There was considerable debate about where people were most likely to require access to ICT – at home, in the workplace, or in the community. While location is less important because of ICT, there are still constraints of time and access to be considered. Some colleges are lending computers to individuals and companies but attendance at college is often required for assessment. Until on-line assessment is more commonplace, people will still need to come into colleges or learning centres.

Some participants noted that experience in the USA suggests that learning with IT is not done at home but is most likely to take place before, during and after work. However, in this country, there could be significant variance in take-up of such opportunities by staff at different levels in the company.

In SMEs particularly, access to PCs varies across the company. Ownership and location of equipment is an important issue. ICT offers the potential for flexible learning, but the availability and use of it will vary. For example, a small company may not be able to free up computers for training purposes, or this use may be restricted to senior members of staff. Participants saw great advantages to be derived from the availability of ICT in the workplace including, peer support, relationship to work, but noted that there are other costs associated, such as telephone charges and line rental, which do not apply in the USA. Cost is therefore a disincentive.

It was suggested that people still require greater access to computers at home, but that support for individuals to secure access to equipment is problematic. The contrast between government investment in schools and the lack of investment in developing adult capacity to use IT was noted. ICT could support individuals in taking responsibility for their own learning. While learning centred in-company is important, learning for the next job is also important.

The impact of ICT is apparent not just on the workforce but also in the wider community. IT can provide new opportunities for people to learn, and it is relatively easy, for example, to get onto the Internet at libraries, community centres etc. However, issues related to widening participation and access to technology need to be addressed. There is a large population of untrained and unskilled unemployed who may fall outside current support to develop IT skills. They are unable to gain access to the technology to enable them to benefit from ICT.

It was agreed that the increasing demands and applications of technology are important across all sectors. The business application of technology is a cross sector issue. Most workers need IT awareness to work more effectively, and there are clear benefits to the bottom line. Employers and individuals must be educated about the benefits of learning and IT as a gateway to learning. The TUC noted the need to communicate to individuals the responsibility for their own learning in IT and key skills. Employers must be convinced of the benefits to their firm, and take some responsibility, but partnerships between employers and individuals need to be established.

Participants saw the importance of making the best use of a range of new technologies and using different learning technologies more effectively. People need to know what is appropriate in different circumstances. For example, CD-ROM may be better because it is less costly. Digital TV may offer more opportunities as people would have greater access by television than computer. There is a need to look at the total picture and the range of learning solutions available.

Concerns were expressed that further education is not seen as a big enough market for publishing houses. This was seen to present potential problems in accessing and creating materials. Commercial providers of learning materials are increasing rapidly; not all materials thus produced have secure/ sound information sources. Colleges neither have the resources to compete in material production nor an established tradition in producing their own textbooks or learning materials. More partnerships between providers of learning and media are needed. Further education must find ways of investing collectively to secure a big enough market in which publishing houses will invest.

Realising the potential benefits of the use of ICT to learning and business competitiveness will require a range of resources and funding streams that are coherent, connected and targeted properly. Technological solutions to access problems must be developed.

Appendix 1. Stimulus presentations

Tony Jakimciw, Principal Designate of Dumfries College spoke about a partnership approach to technological excellence in Cumbria, a county where 70% of companies employ 1–10 people. The problems of a widely dispersed SME base and difficulties of securing access to training were exacerbated by a lack of new technology within the companies. The engineering project resulted from discussions at a college employer liaison committee, with employers leading its development and all making a contribution to overcoming the infrastucture challenges. The partnership aimed to improve the skill base of the county – and thereby increase employment – and to persue a long term strategy to change perceptions about careers in engineering. Collaborative bids for funding have since been successful, and a technology learning centre and centre of excellence have been developed. Among the many benefits to businesses in the area is the facility to undertake on-line training needs analysis and, subsequently, training at forty in-company centres.

Joanna Tait, Principal Bishop Auckland College, outlined her college's approach to providing support for local small businesses. The college has made great efforts to ensure that it is the first choice for quality, education and training for local businesses. The college's business development centre, Optimum, engages in constant dialogue with the local business community, through user groups, memberships of local business clubs and direct marketing. It is also involved in a raft of partnerships with other players in the local area. While this is very resource intensive, it is seen as a valuable contribution to the success of local companies.

Denise Day, Department Supervisor, Anniversary House Ltd. was involved in a college/business partnership. Despite having 16 years of experience in the field of sugarcraft and cake decorating, Denise had no formal qualifications in the subject until deciding to return to college in 1994 to study for a City and Guilds Qualification. She joined her present company through the College Business Partnership scheme, and was engaged in development activity to enable the company to develop its edible products range. This activity enabled Denise to use the skills and knowledge she had developed both through her years in the business and during her time at college. After completing the scheme, she joined the company permanently as designer and edibles department supervisor.

Karen Price, Chief Executive – e-Business.NTO, spoke about solutions for IT services skills. A high priority for the e-business.NTO is to bring employers and educational specialists together. 'Fixing the Future' will dramatically increase the skill pool available to the sector by establishing further education as a credible alternative to private training provision and ensuring its ability to meet the needs of electronics and software service companies. This project is creating a new infrastructure to ensure the sustained currency and capability of further education to deliver training to the sector.

The programme, led by Compaq and the e-business.NTO, is creating a step change in the South-East by engaging employers to provide FE colleges for the first time with the hardware, the software and the training they need to deliver competent professionals trained to the needs

of the sector. The Compaq supply chain, currently 350 SMEs in the South-East, are involved in the development of detailed curriculum and high quality direct and distance learning materials. Compaq is providing hardware and software for eight FE colleges to enable course delivery. e-business.NTO and Compaq are training and accrediting GFE lecturers so that they are skilled in latest industry standards.

Michael Booth, Production Director, British Mohair Spinner Ltd., spoke about the challenge of working together to promote the development of the textile industry. He noted the many projects in which partnership with a range of interested parties had played a part, including the introduction of a textile centre of excellence, the development of open learning material and the development of a textile technology degree programme. He observed that one of the major challenges was the introduction of new ways of delivering further education and training. Colleges needed to be proactive and seek out relationships with business and industry and demonstrate their capacity to deliver flexible and relevant education and training to support business needs.

Andrew Hooper, Director of Partnerships, Totton College, explored the issues concerning the use of ICT in providing training for SMEs. The college provides resource-based learning in a learning centre located in a business park. This provision has many advantages, in terms of flexibility and supporting firms' particular needs. However, location is still an issue; the centre has high operating costs and it cannot completely resolve the competing demands on the time of employers and their workforce. Further developments in distance and on-line learning are now being implemented, including the use of multimedia CD, an on-line virtual classroom and on-line training provided by the 22 colleges in Hampshire and the Isle of Wight. These developments have considerably enhanced the college's ability to support training in SMEs and developed a positive relationship with the employer community.